

Remuneration policy and guidelines of DLR Kredit A/S

February 2021

1. Introduction and objective

In pursuance of section 77d of the Danish Financial Business Act and the related executive order on remuneration policies, the CRR regulation and public disclosure of salaries in financial institutions, the Board of Directors has adopted the following remuneration policy for DLR.

The general purpose of the remuneration policy is to set out guidelines for the payment of salaries that are in accordance with and promote sound and effective risk management and do not encourage excessive risk taking. The remuneration policy must be consistent with DLR's business strategy, objectives, values and longterm interests and ensure that the remuneration of DLR's employees is in accordance with the statutory provisions on protection of customers and investors and other legislative requirements.

2. Remuneration policy for the Board of Directors, the Executive Board, material risk takers and employees in control and internal audit functions

The policy concerns salaries and pensions and sets out pension policy and severance pay guidelines for the Board of Directors, the Executive Board, employees whose activities have a material impact on DLR's risk profile (material risk takers) and employees in DLR's control and internal audit functions.

The remuneration policy must be gender neutral, so that DLR, regardless of gender, ensures equal pay for equal work of the same kind or work of the same value.

Board of Directors and Executive Board

The shareholders in general meeting have decided that the Board of Directors is to be remunerated by way of a fixed fee.

The Board of Directors has resolved that the Executive Board is to be remunerated by way of a fixed salary.

Members of the Board of Directors and the Executive Board do not receive any variable remuneration components in the form of salary, shares, options, pension or other similar arrangements, including ad hoc or discretionary amounts paid in the course of the year.

Material risk takers

As and when required and at least once a year, the Board of Directors appoints those employees whose activities have a material impact on DLR's risk profile.

In addition to the members of the Board of Directors and the Executive Board, who are "material" risk takers by definition, the following employees have been appointed:

- Executive officers reporting directly to the Executive Board
- Executive officers in charge of material business areas
- The Chief Risk Officer
- The Chief Compliance Officer
- Other employees whose activities, based on a specific assessment, may have a material impact on DLR's risk profile.

Material risk takers do not receive any variable remuneration components in the form of salary, shares, options, pension or other similar arrangements, including ad hoc or discretionary amounts paid in the course of the year.

Employees in control and internal audit functions etc.

Employees in control and internal audit functions do not receive any variable remuneration components in the form of salary, shares, options, pension or other similar arrangements, including ad hoc or discretionary amounts paid in the course of the year.

3. Remuneration policy for DLR's employees

In addition to the above-mentioned remuneration policy applying to the specified groups of persons, the following rules on remuneration apply to all DLR employees when carrying out the following activities:

The remuneration of DLR employees who provide advice to consumers on, and provide or grant credit against mortgage security or other similar security provided against real estate, is determined in compliance with DLR's obligations under the rules on good practice set out in the Danish Financial Business Act. The remuneration of such employees must not encourage risk taking exceeding DLR's risk profile. In addition, the remuneration is independent of the number and amount of mortgage credit applications granted and of any other sales targets.

The remuneration of the specified group of persons is governed entirely by the collective agreement entered into.

Other employees of DLR do not receive any variable salary components, except as provided in the collective agreement entered into.

If the Board of Directors or the Executive Board believes that extraordinary efforts have been made, an extraordinary one-off amount may be granted. No one-off amount granted will exceed the lower threshold limit (currently DKK 100,000/year) defined in the Danish FSA's executive order on remuneration policies (executive order no. 1582 of 13 December 2016). As long as any one-off amounts paid to DLR's Board of Directors, Executive Board and material risk takers do not exceed this lower threshold limit, it is generally considered prudent from a risk perspective to derogate from the requirement that at least 50% must be paid in shares, sharebased instruments or corresponding instruments reflecting the company's credit rating (section 77a(1)(iv) of the Danish Financial Business Act), postponement (sections 77a(1)(v) and 312b of the Financial Business Act) and retention (section 77a(3) of the Financial Business Act).

Moreover, no severance pay agreements will be entered into without the Board of Directors' consent, except as provided in legislation and collective agreements.

4. Remuneration Committee

In pursuance of sections 312 and 77c of the Danish Financial Business Act, DLR has set up a Remuneration Committee. The Board of Directors has adopted the terms of reference for the Committee's work.

5. Approval and annual review of the remuneration policy

Following its adoption by the Board of Directors, the remuneration policy is submitted for approval by the general meeting. The remuneration of the Board of Directors is subject to the approval of the general meeting.

The Board of Directors must review the remuneration policy once a year for purposes of aligning it with developments in DLR.

Any adopted amendments to the remuneration policy are submitted for approval by the general meeting.

6. Compliance with the remuneration policy and monitoring thereof

DLR's Board of Directors is responsible for the implementation of the remuneration policy.

DLR's Board of Directors defines guidelines for monitoring of compliance with the remuneration policy to ensure, among other things, that it is checked at least once a year whether the remuneration policy is complied with. The results of this check are reported to the Board of Directors.

The Executive Board is responsible for ensuring that the necessary reporting is made to the Danish FSA regarding remuneration, see article 450 of the CRR regulation and sections 19-21 of Danish executive order no. 1582 of 13 December 2016 on remuneration policies.

This "Remuneration policy and guidelines of DLR Kredit A/S" was approved at the meeting of the Board of Directors held on 24 October 2019.